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Report Highlights:

Despite a lower production, government rice procurement is marginally up. Rice and wheat stocks are down due to increased allocations for exports but still quite comfortable.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1], IN

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Rice Procurement Higher ...

Government procurement agencies have so far procured around 7.1 million tons of rice during the current rice marketing year 2002/03 (Oct-Sep) marginally higher than the procurement during the corresponding period of MY 2002/02. Procurement from Punjab, the largest rice surplus state, has been 6.2 million tons compared with 6.1 million tons last year, whereas procurement from Haryana, another rice surplus state in north India, is marginally lower at 0.86 million tons, compared with 0.91 million tons during the corresponding period of last year. Procurement from other states will start only later. Judging from the initial trend in procurement, some experts are of the view that the decline in *kharif* (fall and early winter harvested) rice production due to the drought will not be as steep as anticipated by the government (16.8% to 66.01 million tons).

... but Stocks Lower

Government rice stocks on October 1 were 15.8 million tons, 5.7 million tons below last year's level. The steep decline in stocks from the record 26.0 million tons in February and March, was largely due to massive allocations for exports, which during Jan-Sep are estimated at around 5.7 million tons. Assuming a procurement of around 17 million tons this marketing year, total rice availability with the government will be 32.8 million tons (15.8 million tons carry over stocks + 17 million tons procurement) compared with 42.4 million tons in MY 2001/02 (21.5 million tons carry over stocks + 20.9 million tons procurement). This is likely to result in a tightening of export allocations in CY 2003.

According to preliminary government trade data, which typically are on the lower side, rice exports were 445,000 tons in June and 250,000 tons in July, taking Jan-Jul exports to 2.3 million tons. However, exports from the port of Kandla alone during June and July were 330,000 tons and 408,000 tons respectively. Exports during August from Kandla were 414,000 tons, taking Jan-Aug rice exports from this port to 2.3 million tons.

Wheat Exports Outlook Bright

Government wheat stocks on October 1 were 35.6 million tons, marginally below the year ago level of 36.8 million tons, but still more than three times the normal requirement. Hence, the government is likely to continue its subsidized export program indefinitely. However, according to trade sources, the government is likely to revise the sales price of wheat for exports upward effective January 1, 2003 from the current levels of \$95/ton for good quality wheat and \$82/ton for feed grade wheat to lower the subsidy burden and also in tune with the trend in world wheat prices. In recent months, India has been exporting on an average around 300,000 tons of wheat per month, mostly to South East Asian countries and the Middle East. Wheat is currently traded at around \$90/metric ton (fob) for feed quality wheat and \$108/ton for better quality. According to trade sources, export tempo could pick up in coming months to around 400,000 tons per month because of reduced world supplies.

Record Pulse Imports in 2001/02

Final official statistics show India's 2001/02 (Apr-Mar) pulse imports at a record 2.32 million tons valued at rs. 33 billion (\$680 million), including 850,000 tons of dry peas, 540,000 tons of chickpeas, and 87,000 tons of lentils. Major suppliers were Myanmar, Canada, and Australia. U.S. share was a meager 0.6 percent (13,820 tons, mostly peas and chickpeas) due to uncompetitive prices.

Table 1: Government Procurement, Stocks and Off take of Wheat (year ago)
(million metric tons)

	Stocks	Procurement Cumulative	Imports	Off take *
Oct 1	36.8 (26.8)			1.3(0.4)
Nov 1	35.8 (26.5)			1.5(0.5)
Dec 1	34.0 (26.0)			1.5 (0.8)
Jan 1, 2002	32.4(25.0)			1.9 (0.9)
Feb 1	30.2 (24.1)			1.8 (0.9)
Mar 1	28.5 (23.3)	20.6 (16.4) 1/		1.7 (1.6)
Apr 1	26.0 (21.5)			1.0 (1.0)
May 1	38.1 (29.2)			1.2(1.0)
June 1	41.3 (37.6)			1.5 (0.8)
Jul 1	41.1 (37.5)			1.3 (0.7)
Aug 1	39.7 (38.7)			2.1 (0.8)
Sep 1	37.9 (37.9)			2.3 (1.1)
Oct 1	35.6 (36.8)	19.0 (20.6) 2/		

* Includes exports

1/ Cumulative procurement : April 1, 2001 - March 31, 2002

2/ Cumulative procurement April 1, 2002 - October 30, 2002

Table 2: Government Procurement, Stocks and Off take of Rice (year ago)
(million metric tons)

	Stocks	Procurement Cumulative	Imports	Off take *
Oct 1	21.5 (13.2)			1.0 (0.7)
Nov 1	26.5 (18.0)			1.2 (0.8)
Dec 1	25.1 (19.5)			1.3 (0.7)
Jan 1, 2002	25.6 (20.7)			1.8 (0.9)
Feb 1	26.1 (22.4)			1.6 (0.8)
Mar 1	26.0 (23.2)			2.3 (1.0)
April 1	24.9 (23.2)			1.7 (0.7)
May 1	24.5 (22.9)			2.4 (0.8)
June 1	23.4 (22.9)			2.3 (0.8)
July 1	21.9 (22.7)			2.0 (0.9)
Aug 1	20.1 (22.2)			2.4 (1.1)
Sep 1	17.5 (21.6)	20.9 (19.1) 1/		2.7 (1.5)
Oct 1	15.8 (21.5)	7.1 (7.0) 2/		

*** Includes exports**

1/ Cumulative procurement: October 1, 2001 - September 30, 2002

2/ Cumulative procurement: October 1, 2002 - October 29, 2002